



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 06.09.2000  
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2000/0222 (ACC)

Proposal for a

**COUNCIL DECISION**

**concerning the Community position within the Association Council on the participation of Romania in the financial instrument of the Community for the environment (LIFE)**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

The Helsinki European Council of December 1999 confirmed the enlargement process launched at its meeting of December 1997 in Luxembourg. The enhanced Pre-Accession Strategy defined in 1997 has been reiterated, which includes the participation of the 13 candidate States in Community programmes as an important part of this strategy.

With regard to the ten candidate countries of Central and Eastern Europe (CEECs), participation in Community programmes is provided in their respective Europe Agreements. Pursuant to the Europe Agreements, the conditions and modalities of these countries' participation are defined by the respective Association Councils.

In the case of the environment, Romania participated in the second phase of LIFE in 1999 and its participation has been an important element in the country pre-accession process. The Association Council decision setting out the arrangements for this participation expired on 31 December 1999, as did the Council regulation establishing the second phase of LIFE.

The third phase of LIFE will shortly replace the second phase. The Regulation establishing the LIFE third phase provide that LIFE should be open to the participation of the CEECs (art 6) from 2000, but because of the delay incurred in adoption by the Parliament and the Council, such participation will only be feasible from 2001.

Romania has already confirmed its willingness to participate in the new programmes as from 2001, and to pay its financial contribution partly from its national budget, and partly from its annual Phare allocation.

The main issues addressed in the proposed Decision of the Association Council are the following:

- projects and actions submitted by participants from Romania shall be subject to the same conditions, rules and procedures pertaining to LIFE as are applied to Member States, regarding in particular the submission, assessment, and selection of applications, the responsibilities of the national authorities in the implementation, and the activities related to the monitoring of their participation in the programmes;
- Romania will pay each year a contribution, as established in the Association Council decisions. This contribution will not be reimbursed to Romania if, at the end of the year, the results fall short of the contribution paid ;
- as provided in the conclusions of the meeting of the European Council in Luxembourg, Romanian experts will be invited to attend the LIFE Committees as observers, for the points which concern them ;
- the decision will apply for the duration of the programmes, starting from 1 January 2000, and will enter into force the day of its adoption.

The early adoption of Association Council decisions would allow Romania to continue being actively involved in this internal Community instrument without any interruption, as part of reinforced pre-accession strategy. It is, therefore, of considerable political importance.

Accordingly, the Council is invited to adopt the annexed proposal for Decision concerning the Community position within the respective Association Council.

Proposal for a

**COUNCIL DECISION**

**concerning the Community position within the Association Council on the participation of Romania in the financial instrument of the Community for the environment (LIFE)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 175(1), in conjunction with Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part, has been concluded by decision of the Council and the Commission of 4 December 1995;
- (2) According to Article 1 of the said additional Protocol, Romania may participate in Community framework programmes, specific programmes, projects or other actions notably in the field of environment and according to Article 2 the terms and conditions for the participation of Romania in these activities shall be decided by the Association Council;
- (3) Following the Decision 1/98 of 15 September 1998 of the Association Council between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part<sup>1</sup>, Romania has been participating in the financial instrument for the environment, LIFE, since 1 January 1999;
- (4) Regulation (EC n°.../2000) of ... 2000 of the European Parliament and the Council concerning the financial instrument for the environment (LIFE)<sup>2</sup> and, in particular, Article 6 thereof, provide that LIFE shall be open to the participation of the accession candidate Central and Eastern European countries in accordance with the conditions set out in the Association Agreements, and on the basis of the provisions set up in the decisions of the respective Association Councils,

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<sup>1</sup> OJ L 35, 9.2.1999, p. 1.

<sup>2</sup> OJ L ...

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part, concerning the participation of Romania in the financial instrument for the environment (LIFE), is the attached draft decision of the Association Council.

Done at Brussels,

*For the Council*  
*The President*

Draft

**DECISION N° .../ 2000 OF THE ASSOCIATION COUNCIL**

**between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part**

**adopting the terms and conditions for the participation of the Republic of Romania in the financial instrument for the environment (LIFE)**

THE ASSOCIATION COUNCIL

Having regard to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part<sup>3</sup>

Having regard to the Additional Protocol to the Europe Agreements establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part, concerning Romania's participation in Community programmes, and, in particular, Articles 1 and 2 thereof<sup>4</sup>;

Whereas:

- (1) According to Article 1 of the said Additional Protocol , Romania may participate in Community framework programmes, specific programmes, projects or other actions notably in the field of environment;
- (2) According to Article 2 the terms and conditions for the participation of Romania in these activities shall be decided by the Association Council;
- (3) Following the Decision 1/98 of 15 September 1998 of the Association Council between the European Communities and their Member States, of the one part, and the Republic of Romania, of the other part,<sup>5</sup> Romania has been participating in the financial instrument for the environment (LIFE) since 1 January 1999;

HAS DECIDED AS FOLLOWS:

*Article 1*

Romania shall, as from 1 January 2001, participate in the financial instrument for the environment (hereinafter called LIFE) according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

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<sup>3</sup> OJ L 357, 31.12.1994, p. 2.

<sup>4</sup> OJ L 317, 30.12.1995, p. 40.

<sup>5</sup> OJ L 35, 9.2.1999, p. 1.

*Article 2*

This Decision shall apply for the duration of the LIFE third phase, starting from 1 January 2001.

*Article 3*

Proposals submitted to the Commission by Romania before the 31 October 2000 for Life Nature and before the 30 November 2000 for Life Environment will be eligible for evaluation.

*Article 4*

This Decision shall enter into force the day of its adoption by the Association Council.

Done at Brussels,

*For the Association Council  
The President*

## ANNEX I

### Terms and conditions for the participation of the Republic of Romania in the financial instrument for the environment (LIFE).

1. Romania will participate in all actions of LIFE in accordance with the objectives, criteria, procedures and deadlines laid down in Regulation (EC n°.../2000) of ... 2000 of the European Parliament and of the Council concerning this financial instrument;
2. To participate in the programme, Romania will pay each year a contribution to the general budget of the European Union according to the modalities described in Annex II.

If necessary in order to take into account LIFE developments, or the evolution of Romania's absorption capacity, the Association Committee is entitled to adapt this contribution, so as to avoid budgetary imbalance in the implementation of LIFE.

3. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organisations and individuals of Romania will be the same as those applicable to eligible institutions, organisations and individuals of the Community.

The Commission may take Romanian experts into consideration when appointing independent experts according to the relevant provisions of the decision establishing the programme to assist it in the project evaluation.

4. To reflect the Community dimension of LIFE, transnational projects and activities proposed by Romania should, whenever relevant, include at least a partner from one of the Member States of the Community.
5. The Member States of the Community and Romania will make every effort, within the framework of existing provisions, to facilitate the free movement and residence of experts and other eligible persons moving between Romania and the Member States of the Community for the purpose of participating in activities covered by this Decision.
6. Activities covered by this Decision shall be exempt from imposition by Romania of indirect taxes, customs duties, prohibitions and restrictions on imports and exports in respect of goods and services intended for use under such activities.
7. Without prejudice to the responsibilities of the Commission of the European Communities and the Court of Auditors of the European Communities in relation to the monitoring and evaluation of the programme pursuant to Article 9 of the Reg. EEC ...2000 (LIFE), the participation of Romania in the programme will be continuously monitored on a partnership basis involving the Commission of the European Communities and Romania. Romania will take part in any other specific activities set out by the Community in that context.
8. In conformity with the Community's Financial Regulations, contractual arrangements concluded with entities of Romania shall provide for controls and audits to be carried out by, or under the authority of, the Commission and the Court of Auditors. As far as financial audits are concerned, they may be carried out with the purpose of controlling such entities' income and expenditure, related to the contractual obligations towards the Community. In a spirit of co-operation and mutual interest, the relevant authorities of



Romania shall provide any reasonable and feasible assistance as may be necessary or helpful under the circumstances to perform such controls and audits.

- 9.** Without prejudice to the procedures referred to in Article 3, paragraph 7, and in Article 11 of the Regulation EC n°.../2000, representatives of Romania will, for the points which concern them, participate as observers in the relevant committees. The committees shall meet without the presence of representatives of Romania at the time of voting.
- 10.** The language to be used in all contacts with the Commission, as regards the application process, contracts, reports to be submitted and other administrative arrangements for the programmes, will be one of the official languages of the Community.
- 11.** The Community and Romania may terminate activities under this Decision at any time upon twelve months' notice in writing. Projects and activities in progress at the time of termination shall continue until their completion under the conditions laid down in the appropriate agreements.

## ANNEX II

### Financial contribution of the Republic of Romania to LIFE

1. The financial contribution to be paid by Romania to the budget of the European Union to participate in LIFE will be €2 280 000 for each of the first two budgetary years. Supplementary costs of administrative nature are included in the above-mentioned amount.

The contribution to be paid by Romania for the following period will be decided by the Association Council in the course of the year 2002.

2. Romania will pay the contribution mentioned above, partly from the Romanian national budget and partly from Romania's PHARE National Programme. Subject to a separate PHARE programming procedure, the requested PHARE funds will be transferred to Romania by means of a separate Financing Memorandum. Together with the part coming from Romania's State budget, these funds will constitute Romania's national contribution, out of which it will make payments in response to annual calls for funds from the Commission.
3. PHARE funds will be requested according to the following schedule:

- €1 093 000 for the contribution to LIFE for the first year 2001;
- €1 093 000 for the second year.

The remaining part of the contribution of Romania will be covered from the Romanian State budget.

4. The financial regulation applicable to the general budget of the European Union will apply, notably to the management of the contribution of Romania.

Travel costs and subsistence costs incurred by representatives and experts of Romania for the purposes of taking part as observers in the work of the committee referred to in Annex I, point 9, or other meetings related to the implementation of LIFE shall be reimbursed by the Commission on the same basis as, and in accordance with, the procedures currently in force for non-governmental experts of the Member States of the European Union.

5. After the entry into force of this Decision and at the beginning of each following year, the Commission will send to Romania a call for funds corresponding to its contribution to LIFE under this Decision.

This contribution shall be expressed in Euro and paid into an Euro bank account of the Commission.

Romania will pay its contribution according to the call for funds:

- by 1 April for the part financed from its national budget, provided that the call for funds is sent by the Commission before 1 March, or at the latest one month after the call for funds is sent if later ;

- by 1 April for the part financed from PHARE, provided that the corresponding amounts have been sent to Romania by this time, or at the latest in a period of 30 days after these funds have been sent to Romania.

Any delay in the payment of the contribution shall give rise to the payment of interest by Romania on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the European Central Bank, on the due date, for its operations in Euro, increased by 1.5 percentage points.

## FINANCIAL STATEMENT

### **1. TITLE OF OPERATION**

Participation of Romania in the financial instrument for the environment (LIFE).

### **2. BUDGET HEADINGS INVOLVED**

B 4-3200A, B 4-3201A and B7-030 (Economic aid to the associated countries of Central and Eastern Europe) and 6091 (Revenue accruing from the participation of the candidate countries in Community programmes)

### **3. LEGAL BASIS**

Treaty establishing the European Community, and, in particular, Articles 175(1), in conjunction with Article 300(2) thereof;

The Additional Protocol to the Europe Agreement with Romania, providing for the participation in Community programmes;

Regulation of the European Parliament and of the Council (EC n°...../2000) of the... 2000 concerning the financial instrument for the environment (LIFE) and, in particular, Article 6 thereof.

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The additional protocols to the Europe Agreement with Romania provide for Romania's participation in Community programmes in a wide range of areas, amongst which is the environment.

In line with the Commission communication "Agenda 2000" of 16 July 1997 and of the conclusions of the European Council in Luxembourg, Romania's participation in LIFE has been part of the reinforced preaccession strategy which assists this country in its preparation for future accession to the Union.

Its participation in LIFE will not only contribute to preparing it for its future accession to the Union and towards the implementation of the provisions relating to economic and environmental co-operation in the Europe Agreement, but will also enable Romania to familiarise itself with the procedures and methods used in Community programmes.

Romania has been participating in LIFE since 1 January 1999. The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and Romania. The decision of the Association Council of 15 September 1998 establishing the participation of Romania in LIFE expired on 31 December 1999.

This new draft Association Council Decision aims at allowing the Romanian participation to be carried on and to ensure continuity between the new third phase of LIFE and its predecessor. Like the first one, it lays down conditions, notably as concerns Romania's financial contribution and practical arrangements for participation in LIFE.

#### **4.2 Period covered and arrangements for renewal**

Until the end of the Community programme concerned, i.e. 31 December 2004.

### **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

#### **5.1 Non-compulsory expenditure**

#### **5.2 Differentiated appropriations**

#### **5.3 Type of revenue involved**

Since Article 3 of the Additional Protocol to the Europe Agreement stipulates that Romania itself will meet the costs resulting from its participation, it will be invited to pay a contribution for participating in the programme. As the same article states that the Community may supplement Romania's contribution, Romania will contribute only part from its national budget. The remaining part of its contribution will be taken from its PHARE National Programme. The required PHARE funds will be charged to heading B7-030 and transferred to Romania by means of a separate Financing Memorandum. Together with the part coming from Romania's state budget, these funds will constitute Romania's national contribution, out of which it will make payments in response to annual calls for funds from the Commission. The total contribution, once paid by Romania, will be transferred to item 6091 of the EU's budget receipts.

### **6. TYPE OF EXPENDITURE OR REVENUE**

- 100% subsidy;
- Subsidy for joint financing with other sources in the public and/or private sector;
- No provision for all or part of the Community contribution to be reimbursed;
- As far as revenue is concerned, provision for Romania's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on the programme in question and, where appropriate, to the relevant items of operating expenditure. The total revenue expected is given under item 7.4.

## **7. FINANCIAL IMPACT**

### **7.1 Method of calculating total cost of operation (link between individual and total costs)**

Based on the Additional Protocol to the Europe Agreement with Romania, the financial and budgetary arrangements for the programme concerned are as follows: Romania's contribution takes into account two elements:

- the foreseeable operational costs, which have been estimated on the basis of the GDP per capita weighted with purchasing power parity in relation to the LIFE budget (the draft preliminary budget for LIFE 2000), the country's estimated take-up capacity and previous experience of its participation in LIFE;

- the foreseeable administrative costs, corresponding to the meetings and missions. These estimated administrative costs amount yearly to €12 000 for missions and participation in meetings (chapter A) and €68 000 for project monitoring (chapter B).

(Romania will use part of its national PHARE annual programme as a complement to its state budget to finance its contribution to the operational costs.)

### **7.2 Itemised breakdown of costs**

	<b>2001 (€)</b>	<b>2002 (€)</b>
<b>Origin: national budget</b>	<b>1 187 000</b>	<b>1 187 000</b>
<b>Of which administrative costs part A (see point 10)</b>	<b>12 000</b>	<b>12 000</b>
<b>Of which administrative costs part B (see point 7.3)</b>	<b>68 000</b>	<b>68 000</b>
<b>Origin: PHARE</b>	<b>1 093 000</b>	<b>1 093 000</b>
<b>Total contribution</b>	<b>2 280 000</b>	<b>2 280 000</b>

### **7.3 Operational expenditure for studies, experts etc. included in Part B of the budget**

Up to a maximum in proportion to the appropriations of that kind in the EUR 15 allocation for the programme (5% max), but within the limits allowed by the part of the contribution which came from the country's national budget.

### **7.4 Schedule of commitment and payment appropriations**

Amounts to be charged to item B7-030:

€1 093 000 in 2001 and the same amount for 2002, in commitment appropriations and in payment appropriations.

The foreseeable annual receipts for 2001 and 2002 are as follows:

€ 2 280 000, of which €2 200 000 for the operational costs, and €80 000 for the administrative costs.

## **8. FRAUD PREVENTION MEASURES**

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Amongst others, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central Europe.

## **9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

### **9.1 Specific and quantified objectives; target population**

The aim of opening up the financial instrument LIFE to Romania is to bring about similar benefits as for Member States of the Community.

Where LIFE Nature is concerned, the specific objective is to promote, as a matter of priority, the measures needed for the identification, maintenance or re-establishment of natural habitats and for the conservation of wild fauna and flora of Community and/or European importance.

Where measures other than those relating to nature protection are concerned, the objectives are in particular:

- Help define the most appropriate infrastructure investments needed to implement Community environmental legislation and undertake demonstration actions to increase the efficiency of community aid for the environment;
- Contribute to the sustainable development in industry by promoting demonstration projects using innovative clean techniques and methods;
- Promote better land use by integrating environmental consideration on the environment and on sustainable development in order to achieve cleaner socio-economic activities, in particular in urban areas.

Lastly, where the accompanying measures are concerned, the aim is to ensure a better cost-benefit ratio for assistance from the instrument and to prevent any fraud.

As illustrated by the past experience of LIFE, target beneficiaries are the following:

- Private sector (SMEs, business partnerships) such as new technologies, and waste recycling;
- Public sector (local and central authorities);

- Partnership between private and public sector;
- Non-governmental organisations and associations, particularly at regional/local level;
- Universities (mainly for nature conservation).

## **9.2 Grounds for the operation**

### – Need for Community financial aid

In view of the high cost of participation in the programme and Romania's precarious budgetary situation, assistance from PHARE is essential.

### – Choice of ways and means

With a contribution from the national budget, supplemented by one from PHARE, Romania's participation in LIFE will allow the Romanian stakeholders to co-operate with the aim of familiarising with the EU environmental "acquis". Consequently LIFE will serve the dual purpose of providing Romania with an adequate preparatory grounding in this field and of integrating Romanian bodies in Community networks in order to make a definite contribution to Romania's future membership

### – Main factors of uncertainty which could affect the specific results of the operation

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Romanian firms, bodies and non governmental organisations' capacity to respond to the calls for proposals launched by the Commission under LIFE.

## **9.3 Monitoring and evaluation of the operation**

The control and monitoring procedures for LIFE (as provided for in the LIFE regulation) will also apply to Romanian beneficiaries.

## **10. ADMINISTRATIVE EXPENDITURE (SECTION III, PART A OF THE BUDGET)**

The actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority.



### 10.1 Effect on the number of posts

Type of post		Staff to be assigned to managing the operation		Source		Duration
		Permanent posts	Temporary posts	Existing resources in the DG or department concerned	Additional resources	2000-2004
Officials or temporary staff	A	0.3		0.3		
	B	0.2		0.2		
	C					
<b>Total</b>		<b>0.5</b>		<b>0.5</b>		

### 10.2 Overall financial impact of the human resources

	Amounts €	Method of calculation (total cost for the period 2001-2004) €
Officials (*)	216 000	0.5 man x 4 years x 108 000
<b>Total</b>	<b>216 000</b>	

(\*) By using existing resources required to manage the operation (Calculation based on titles A1, A2, A4, A5 and A6)

### 10.3 Increase in other administrative expenditure as a result of the operation

Budget heading	Amounts €	Method of calculation (yearly cost of the action) €
A 7010 -missions	4 400	1.100 EURO x 4 yearly missions
A 7031 -committees	4 400	Travel allowance and subsistence allowance for 1 participant in 4 two-day meetings (2 LIFE nature - 2 LIFE environment)
A 7030 - other meetings	3 200	Travel allowance and subsistence allowance for 1 participant in 3 one-day meetings
<b>Total</b>	<b>12 000</b>	

The above expenditure will be met from the receipts (article 4, paragraph 2, third indent of the financial regulation) received from Romania (see points 5.3 and 7.4 of the financial statement).